

**CB(1)18/11-12(09)**

Chairman  
Bills Committee on Securities and Futures  
(Amendment) Bill 2011  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

27 September 2011

Dear Sir

**Bills Committee on Securities and Futures (Amendment) Bill 2011**

Thank you for your letter dated 25 July 2011 inviting ACCA Hong Kong's views on the captioned Bill. On behalf of ACCA Hong Kong, we would like to emphasise the following issues which have not been fully addressed in the consultation conclusion or the revised draft guidelines issued by the Securities and Futures Commission (SFC).

*Clause 307B (1) A listed corporation must as soon as reasonably practicable after any inside information has come to its knowledge, disclose the information to the public*

Whilst majority of respondents to the consultation asked for more elaborate interpretation of the term "as soon as practicable", the mere revision of "as soon as reasonably practicable" will not address the practical difficulties for listed corporation to identify the appropriate timing for the disclosure of PSI in particular for the profit warning announcement.

We note in the revised draft guidelines issued by the SFC, an example was added to allow a listed corporation to take necessary steps such as ascertaining sufficient details, internal assessment of the matter and its likely impact, or seeking professional advice prior to the issue of a public announcement. However, this does not help listed corporations to determine the point of time for the publication of profit warning announcements under uncertainties of external factors such as fluctuations in fair value of certain assets and liabilities which have significant impact on the profit of the listed corporation, but could only be temporary gain or loss

Given the practical difficulties for directors to decide whether the fluctuations or impacts on the result of the listed corporations are temporary, in order to discharge its statutory obligation, a listed corporation may therefore decide to disclose any information in case of uncertainties. This does not only increase the compliance costs, but more importantly will defeat the purpose of the legislation as the market will be flooded with unnecessary and non-meaningful information which leads to confusion to investors.

We therefore would like to highlight the importance of guidance and guidelines for listed corporations in terms of the timing of disclosure. We strongly recommended that the legislation should only be effective when the detailed guidance or guidelines are ready and available.

*Clause 307E Waiver*

We would like to reiterate our submission on 17 June 2010 regarding the confidentiality issue which was not addressed under the provision of waiver. We suggest that guidelines or guidance in terms of frequently asked questions be provided to listed corporations in case when they face the risks of breaching the contractual obligation to maintain confidentiality.

Should you wish to clarify any of the above issues, please do not hesitate to contact us.

Yours faithfully



Rosanna Choi  
*Chairman*